

Filed for intro on 02/01/2001

SENATE BILL 352

By Cooper

AN ACT to amend Tennessee Code Annotated, Title 67, Chapter 2, Part 1 and Title 67, Chapter 6, relative to certain taxes.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 67-6-209, is amended by deleting subsection (c) in its entirety and by substituting instead the following language:

(c) The tax imposed by this section shall have no application where the contractor or subcontractor, and the purpose for which such tangible personal property is used, would be exempt from the sales or use tax under any other provision of this chapter. However, the transfer of tangible personal property by a contractor or subcontractor who contracts for the installation of such tangible personal property as an improvement to realty does not constitute a sale, except as provided in Section 67-6-102(8), and the contractor or subcontractor shall not be permitted on this basis to obtain the benefit of any exemptions or reduced tax rates available to manufacturers under Section 67-6-206 or Section 67-6-102(24)(E). Each location of a taxpayer will be considered separately in determining whether the taxpayer qualifies or is disqualified as a manufacturer at that location.

SECTION 2. Tennessee Code Annotated, Section 67-6-356, is amended by deleting subsection (b) in its entirety and by substituting instead the following language:

(b) No dealer shall sell any such interstate telecommunication service under the claim that the same is exempt from the sales or use tax levied by this chapter, where the exemption from taxation is claimed because the vendee or user is entitled to an exemption as a call center, unless the vendee or user shall have issued to it by the commissioner an exemption certificate declaring that such call center is entitled to the exemption. In the event a business operating a "call center" uses its exemption authorization to purchase other services not exempted, the business shall be liable for applicable tax, penalty, and interest on non-exempt sales. The dealer shall maintain a copy of such exemption in the dealer's records to document that the purchaser was entitled to the exemption.

SECTION 3. This act shall take effect July 1, 2001, the public welfare requiring it.